



Alabama Department of Economic And Community Affairs

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REVISION 1

TO: Persons Interested in State
CDBG Program

FROM: Jean D. Davis
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ESTABLISHMENT OF LMI BENEFIT FOR AREA WIDE PROJECTS

With respect to LMI beneficiaries on area wide projects (both jurisdiction-wide and target area), the State will accept data from two sources.

First, LMI benefit may be established through the 1990 HUD adjusted Census Data. Data is available specific to entire communities, census tracts, or blocks.

Secondly, the State will accept LMI benefit as determined through local income surveys so long as the following criteria are met:

1. Sample size and response rate must, at a minimum, be as outlined below:

<u>Universe</u>	<u>Sample Size</u>	<u>Response Rate</u>
0 - 50	100%	80%
50 - 100	50+ 80% of increase	80%
100 - 200	90+ 50% of increase	80%
200 - 400	140+ 25% of increase	80%
400 - 800	190+ 15% of increase	80%
800 - 1200	250+ 10% of increase	80%
1200 - 2700	290+ 6.5% of increase	80%
2700+	400	80%

2. Households surveyed must be randomly selected with the method of selection detailed for review.
3. Survey instruments must include number of persons per household, number of disabled persons per household, race, gender of head of household, income status of household as either very low, low, moderate or high by household size. Income limits must be shown on the instrument itself. Surveys must be signed and dated by the person conducting the interview. Each house must be numbered sequentially on the map with the survey instrument bearing the corresponding number. Both the occupant's name and the physical address of each unit must be given on each survey. Changes on responses must be initialed and dated by the person making the change. There should be a survey for every unit; occupied, vacant, or nonresidential.
4. In those instances where less than an 80 percent response rate is achieved, then the number of households needed to achieve an 80 percent response rate shall be assumed to be non-LMI and factored in the overall percentage.
5. The total number of beneficiaries and the number and percentage of LMI beneficiaries are calculated as follows:
 - a) Add the total number of beneficiaries from the 80 percent response to the survey. This is accomplished by adding the number of persons per household from each household that responded to the survey.
 - b) Divide the number you obtained from (a) by the number of households surveyed. This gives you the average number of persons per household.
 - c) Multiply the average number of persons per household (b) times the total number of occupied households in the project area. This gives you the total number of beneficiaries.
 - d) Add the very low income beneficiaries, the low income beneficiaries and the moderate income beneficiaries.
 - e) Divide the total from (d) by the total from (a) if an 80 percent response was achieved. The result is the percentage of beneficiaries that are LMI. In those instances where less than 80 percent response was achieved, divide the total from (d) by the total from (a) plus the number of households needed to achieve the 80 percent response, times the average number of persons per household (b).
 - f) Multiply the percentage of LMI (e) times the total number of beneficiaries (c). This gives you the number of LMI beneficiaries.
 - g) Minority, female head of household, and disabled beneficiaries are determined in a like manner.

6. In projects that have more than one distinct “stand alone” area, then each area must follow steps one through five with respect to sample size, response rate, and qualification for the 51 percent test.
7. A community which is shown to be less than 51 percent LMI in the 1990 Census Data provided by HUD, in the case of a community-wide project, can determine its eligibility as a predominantly LMI community (at least 51 percent LMI) by conducting an income survey of its residents. For this survey to be valid, the survey must in addition to the 80 percent response rate for the randomly selected sample using the required instrument criteria, also identify each household by name and address. Also, the methodology for selecting the random sample must have prior written approval by the State.
8. Should your community choose to use a previous year’s survey, then all units that have become vacant must be deleted and new households must be surveyed.

This policy is effective with FY1998 CDBG applications.